

# Gaming Market Report

## Introduction

This section provides an overview of the statewide and regional gaming markets. The Commission closely monitors the markets to determine whether they merit additional capacity. The Commission's charge is to issue licenses to applicants best serving the interests of the citizens of Missouri.<sup>1</sup> In order to fulfill this responsibility, the Commission evaluates each market to determine whether it can add new gaming capacity without unduly affecting previously licensed facilities.<sup>2</sup>

The Commission, in evaluating proposals for additional licenses, focuses on creating incremental growth, expansion of tax revenues, ancillary economic development and employment. Furthermore, it carefully scrutinizes the level of community support and the ability of the developer to minimize the negative social and economic impact of the facility. Thus, Missourians can expect the Commission to deal with expansion issues in a cautious and prudent manner that includes a lengthy public process.

However, should a facility become substandard, fall into disrepair or otherwise become non-competitive, the Commission would be forced to consider new projects of better quality that meet the high standards it sets for licensees. Operators of substandard facilities should not expect protection from the Commission. To the contrary, if a licensee allows its property to deteriorate and become inferior, it should expect the Commission to examine new projects that are more operationally sound.

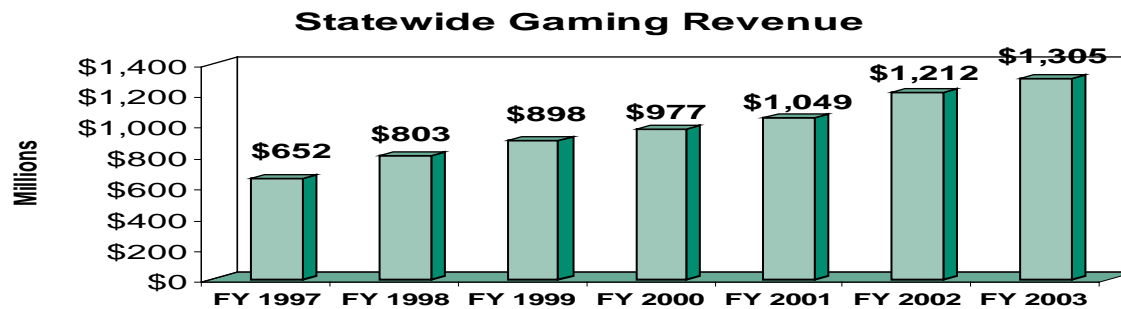
## Statewide Market

Statewide gaming revenue increased 8% to just over \$1.3 billion in FY 2003. The gain reflects a 5% increase in patron volume combined with a 2% increase in Win Per Patron (WPP). WPP is the amount the casino wins, on average, from each patron per visit. The opening of the Ameristar St. Charles expansion in August 2002 and the full year contribution from the Isle of Capri in Boonville mainly drove the increase in patron volume. The increase in WPP primarily reflects an increase in the slot hold percentage thanks to the continued migration to the new generation of nickel video slot machines. The following table offers a statewide statistical comparison of FYs 2003 and 2002.

	FY 2003	FY 2002	% Change
<b>Gaming Revenue</b>	\$ 1,305,128,000	\$ 1,212,107,000	7.7%
<b>Patrons</b>	23,736,000	22,565,000	5.2%
<b>Win Per Patron</b>	\$ 54.99	\$ 53.72	2.4%

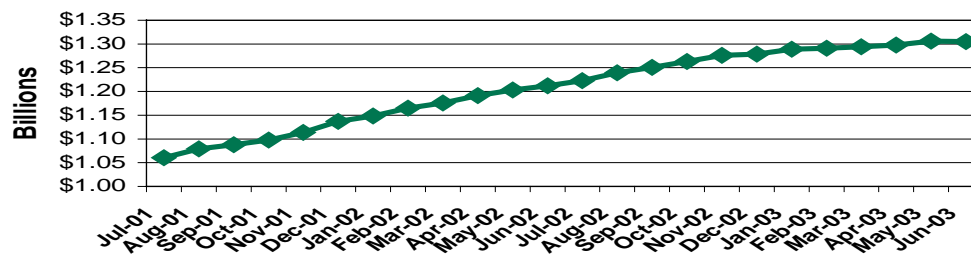
<sup>1</sup> Section 313.805(1), RSMo.

<sup>2</sup> This is only one of many criteria the Commission evaluates when considering licensure found in 11 CSR 45-4.080.

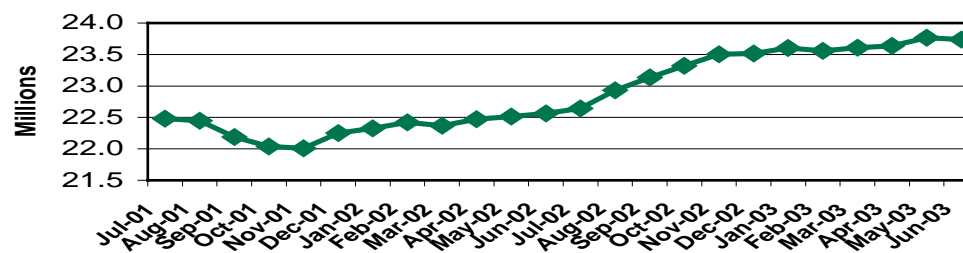


Based on the current statewide trends that show flat patron volume and stabilizing WPP (see following three graphs), the Commission expects relatively flat gaming revenue in the first half of the coming year, with the potential for slow growth in the second half due to the opening of the Argosy expansion in Kansas City in late calendar year 2003.

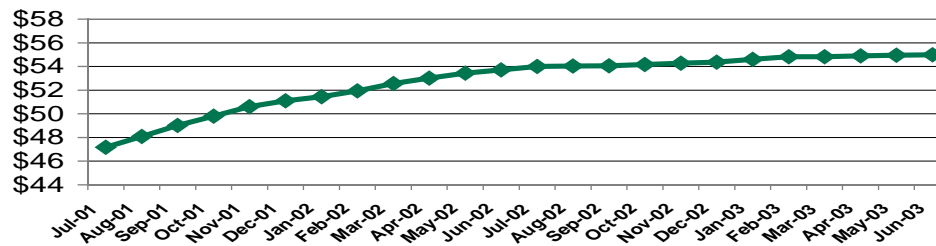
### Gaming Revenue Trend (trailing twelve months)



### Patron Volume Trend (trailing twelve months)



**WPP Trend**  
(trailing twelve months)



## Kansas City Market

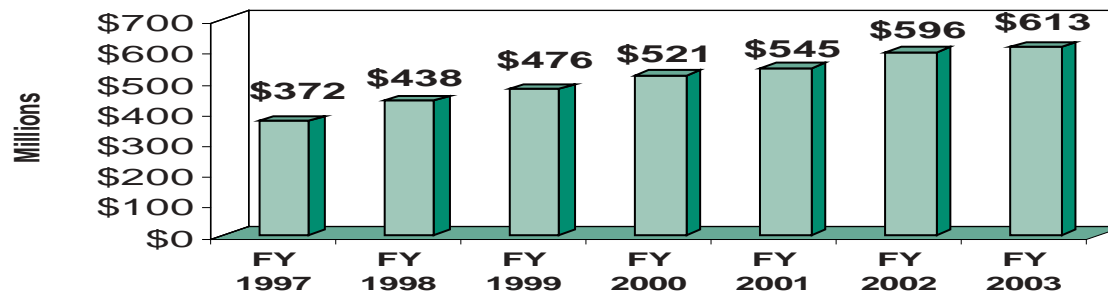
The Kansas City market posted gaming revenue of \$613 million for the fiscal year, a 3% increase over the prior year. The market showed flat patron volume combined with slightly higher WPP. Ameristar beat out Harrah's for the top spot in the market, while the Isle of Capri beat Argosy, both for the first time ever. In terms of gaming revenue, the market fell to fifteenth place, from twelfth, out of the 38 markets in the United States.

The market is looking for a boost from the Argosy expansion, set to open near the end of 2003. The \$110 million expansion in Riverside features a barge in a basin containing 50% more gaming space than the current boat, as well as additional amenities.



	FY 2003		FY 2002		% Change
<b>Gaming Revenue</b>	\$	612,566,000	\$	596,191,000	2.7%
<b>Patrons</b>		10,775,000		10,779,000	0.0%
<b>Win Per Patron</b>	\$	56.85	\$	55.31	2.8%

**Kansas City Market Gaming Revenue**



## St. Louis Market

The Missouri boats in the St. Louis market posted strong growth with gaming revenue of \$553 million, a 9% increase over the prior year. The gain was fueled by the Ameristar expansion (discussed below), which led patron volume higher by 8%. The coming fiscal year will likely show flat results as the impact of the expansion moderates. Harrah's broke ground on their \$75 million expansion, which includes a 300-room hotel tower and added convention space. This expansion will provide the next best chance for meaningful growth in the market.

Ameristar St. Charles opened their \$210 million expansion in August 2002, featuring 130,000 square feet of gaming space, 3,300 slot machines, 95 table games, accompanied by a streetscape scene with seven restaurants. The Commission estimates that the facility grew the overall market on an annual basis by approximately \$50 million or 10%. The new facility increased Ameristar's gaming revenue by 74%, or over \$100 million. Ameristar replaced Harrah's as the market leader with 29% of the market, up from 20% last year.

The Illinois boats in the St. Louis market posted gaming revenue of \$274 million, down slightly from last year. They captured 33% of the gaming revenue in the St. Louis market, down from 35% in the prior year, in large part due to the Ameristar expansion.

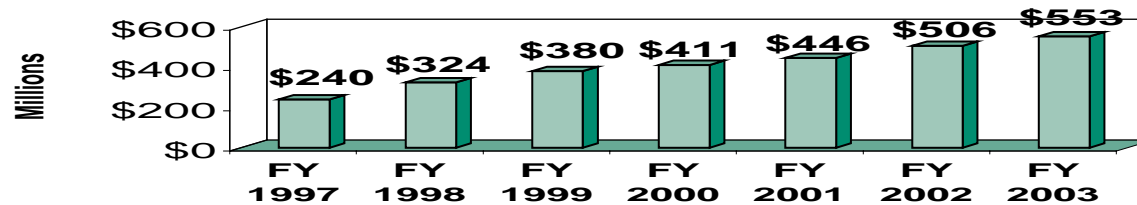
In terms of gaming revenue, the total St. Louis market now ranks eighth out of 38 markets in the United States, up from tenth last year.



	FY 2003		FY 2002		% Change
<b><u>Missouri Boats</u></b>					
Gaming Revenue	\$	553,422,000	\$	506,140,000	9.3%
Patrons		10,418,000		9,652,000	7.9%
Win Per Patron	\$	53.12	\$	52.44	1.3%
<b><u>Illinois Boats</u></b>					
Gaming Revenue	\$	273,803,000	\$	277,344,000	-1.3%
Patrons		3,625,000		3,704,000	-2.1%
Win Per Patron	\$	75.53	\$	74.88	0.9%

## St. Louis Market Gaming Revenue

Missouri Boats Only



### Other Markets

The four small market casinos in Missouri posted mixed results. The older casinos in St. Joseph and Caruthersville recorded weak results as they labored under struggling regional economies. The newer casinos in LaGrange and Boonville fared better as new Missouri residents continue to be introduced to gaming.

Overall, gaming revenue increased 27% to \$139.1 million, almost solely due to the full year contribution from the Isle of Capri in Boonville. The older small market casinos in Caruthersville and St. Joseph posted a 5% decline in gaming revenue for the fiscal year. The absence of new catalyst for growth point to lower gaming revenue for the coming fiscal year.



	FY 2003		FY 2002		% Change
Gaming Revenue	\$	139,139,000	\$	109,776,000	26.7%
Patrons		2,545,000		2,134,000	19.3%
Win Per Patron	\$	54.67	\$	51.44	6.3%

## Other Market Gaming Revenue

